

**Land Board Agenda Item  
June 16, 2008**

**Coffee Creek Land Exchange  
DNRC / Orning**

**Proposal:** Land Exchange between the Department of Natural Resources and Conservation (DNRC) and Anne and Christine Orning.

**Proponent:** DNRC and Anne and Christine Orning

**Location:** 7 miles north of Denton in Fergus County.

**Purpose:** The exchange is proposed in order to consolidate land ownership boundaries between state and private land and to transfer an existing homesite from state to private ownership. Land management and recreational access would improve as a result of the exchange.

**Lands Proposed for Exchange:**

Private Land Proposed for Exchange

<b>County</b>	<b>Legal Description</b>	<b># of Acres</b>
Fergus	NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E	40
Fergus	NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 2, T19N-R14E	40
<b>Total Acres</b>		<b>80</b>

State Land Proposed for Exchange

<b>County</b>	<b>Legal Description</b>	<b># of Acres</b>	<b>Trust</b>
Fergus	NE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E	40	Common Schools
Fergus	N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E	20	Common Schools
Fergus	N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ , Section 3, T19N-R14E	20	Common Schools
<b>Total Acres</b>		<b>80</b>	

The following is an analysis of the Coffee Creek land exchange under the Land Board's land exchange criteria:

**1. Equal or Greater Value**

A recent appraisal of like property in the Wolf Creek land banking acquisition provides a good estimate of values.

The private land proposed for exchange is comprised of 56.4 acres of dryland farm ground and 23.6 acres of grassland along Coffee Creek. The dryland farm ground and the riparian grazing / recreational land are estimated at \$750 / acre. The estimated value of the private land offered in trade is \$60,000.

The state trust land is comprised of 45.4 acres of upland grazing land, 29 acres of CRP and a 5.6 acre homesite. The grazing land has an estimated value of \$500 / acre, the 29 acres of CRP \$500 / acre. The homesite is valued for leasing purposes at \$11,920. The estimated value of state trust land offered in trade is \$49,120.

The proposed exchange meets the equal or greater value criterion.

## **2. State land bordering on navigable rivers and streams**

The private land offered in this exchange contains 1/4 mile of frontage on Coffee Creek, a perennial prairie stream.

The state trust land offered in this exchange contains no navigable rivers or streams.

The proposed land exchange meets the land exchange criteria regarding navigable rivers and streams.

## **3. Equal or greater income to the trust**

The 56.4 acre of private dryland farm ground is adjacent to state farm ground held under a cash lease for \$21.19 / acre. The grazing land would support 6 AUM valued at the state minimum rental of \$7.87. Thus, the dryland farm ground is expected to bring \$1,195 and the grazing land \$47 for a total projected income of \$1,242.

The state land held under CRP contract currently earns \$17.50 / acre. The CRP contract expires in 2009. The 29 acre portion of the CRP contract proposed for exchange earns \$507 annually. The grazing land is tame pasture rated at .5 AUM / Acre for a total of 22.7 AUM. 22.7 AUM at the grazing rate of \$7.87 per acre earns \$179 annually. The homesite rental is currently \$319 and is scheduled to rise to \$596 in 2011. Thus, the state land currently earns \$1,005 annually.

There are variables to consider when analyzing income under this land exchange. The CRP contract on the existing state land is due to expire in 2009. It is unknown if these payments will continue. Agricultural lease rates are expected to increase with rising crop prices. The rental income of the homesite will increase as a result in the phase in of values established when the residential

lease rate was increase to 5%. On balance income received by the trust is expected to be equal or slightly greater as result of the exchange.

The proposed land exchange meets the criteria of equal or greater income.

#### **4. Equal or Greater Acreage**

The land exchange proposes exchange of parcels that have equal total acreage (80 acres), thus the equal or greater acreage criteria is met.

#### **5. Consolidation of state lands**

The land exchange proposes to consolidate state lands within an 880 acre parcel of state land. The exchange would provide one half mile of additional frontage to a county road for the existing block of state land.

The consolidation of state lands criteria is met by this exchange.

#### **6. Potential for long-term appreciation**

The recreational portion of the private is expected to appreciate rapidly. Farm ground and grazing ground in the Denton area are appreciating in value. The area is generally losing residential population.

The potential for long-term appreciation criterion is met by this exchange.

#### **7. Access**

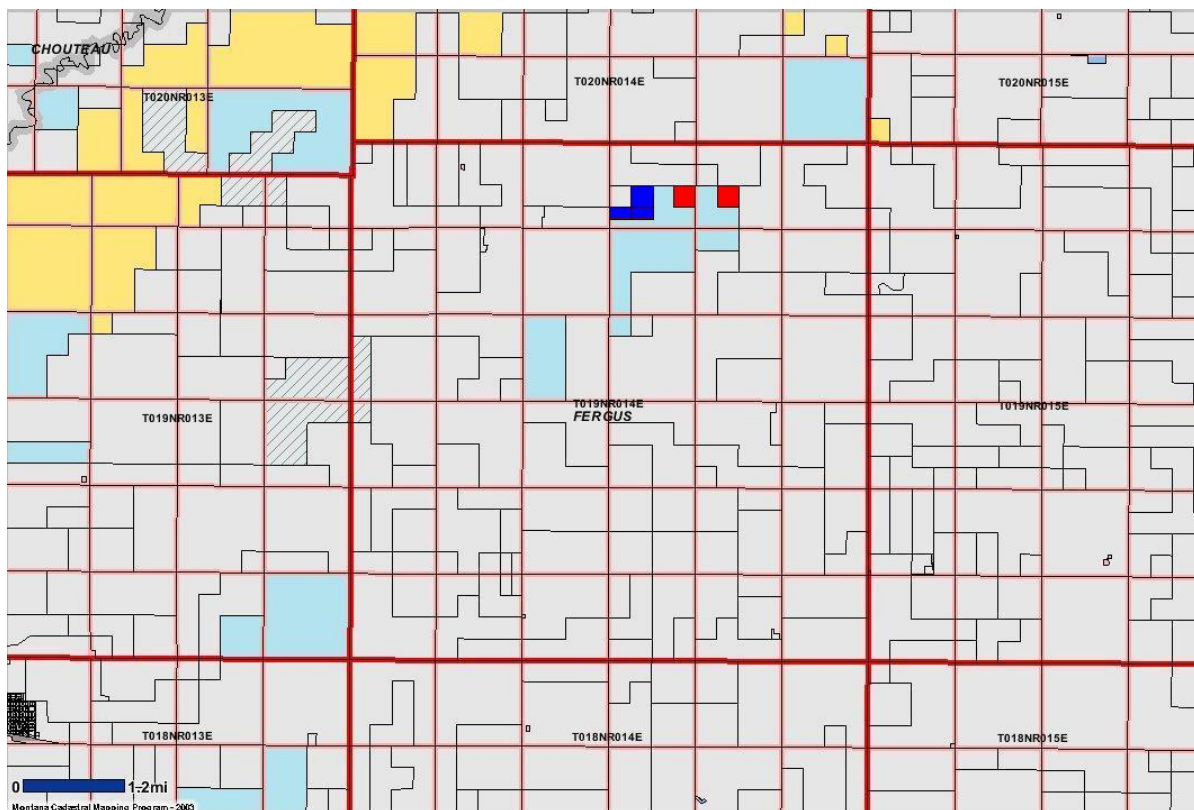
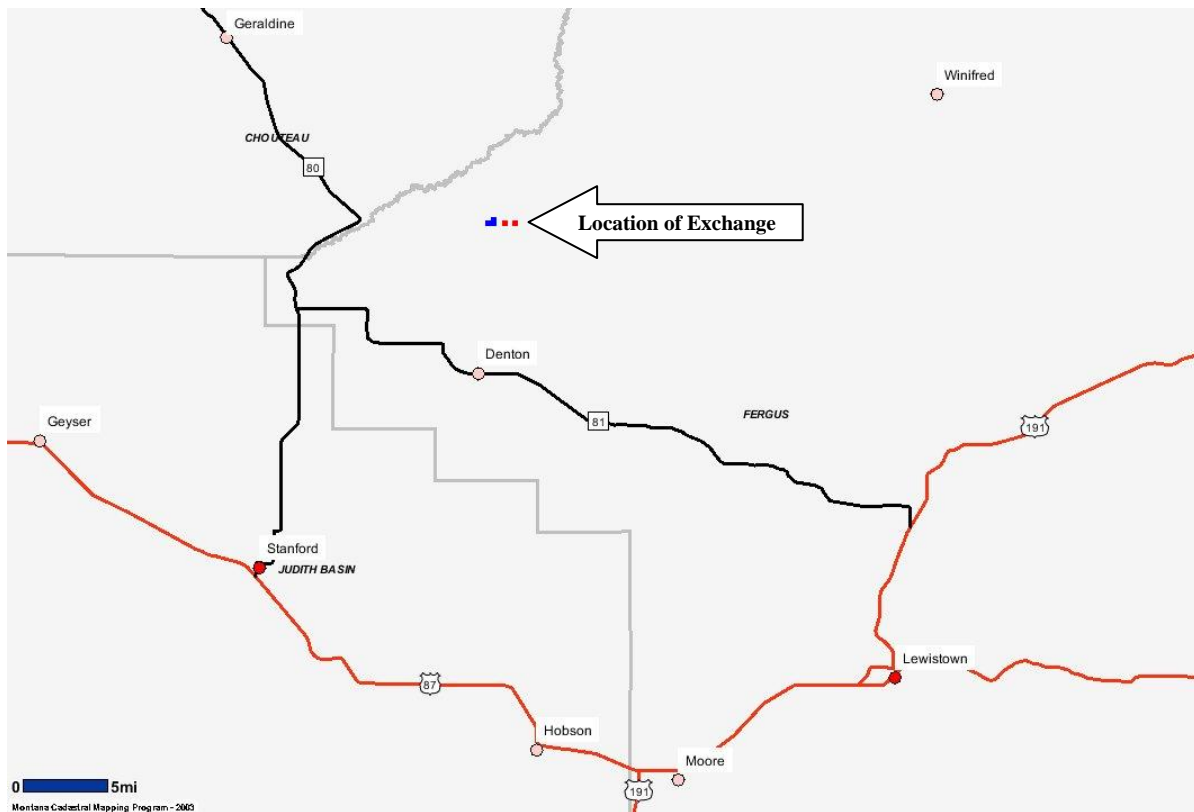
The proposed exchange would provide for greater public access than currently exists on this 880 block of state land. The area of state land currently proposed for exchange is closed to recreational use due to the proximity of the homesite. The area of deeded land is adjacent to a county road providing ½ mile of additional access to the remaining state land. The eastern 40 acre deeded land parcel is on the Coffee Creek bottom and provides outstanding upland game bird hunting. The dryland farm ground provides additional hunting opportunity. Existing safety and access problems would be remedied by the proposed exchange.

If approved by the Board, DNRC will contract for an appraisal, conduct cultural surveys, an environmental assessment, and solicit public comment. No public opposition is expected for the exchange, and it is expected to be accomplished through a checklist environmental analysis.

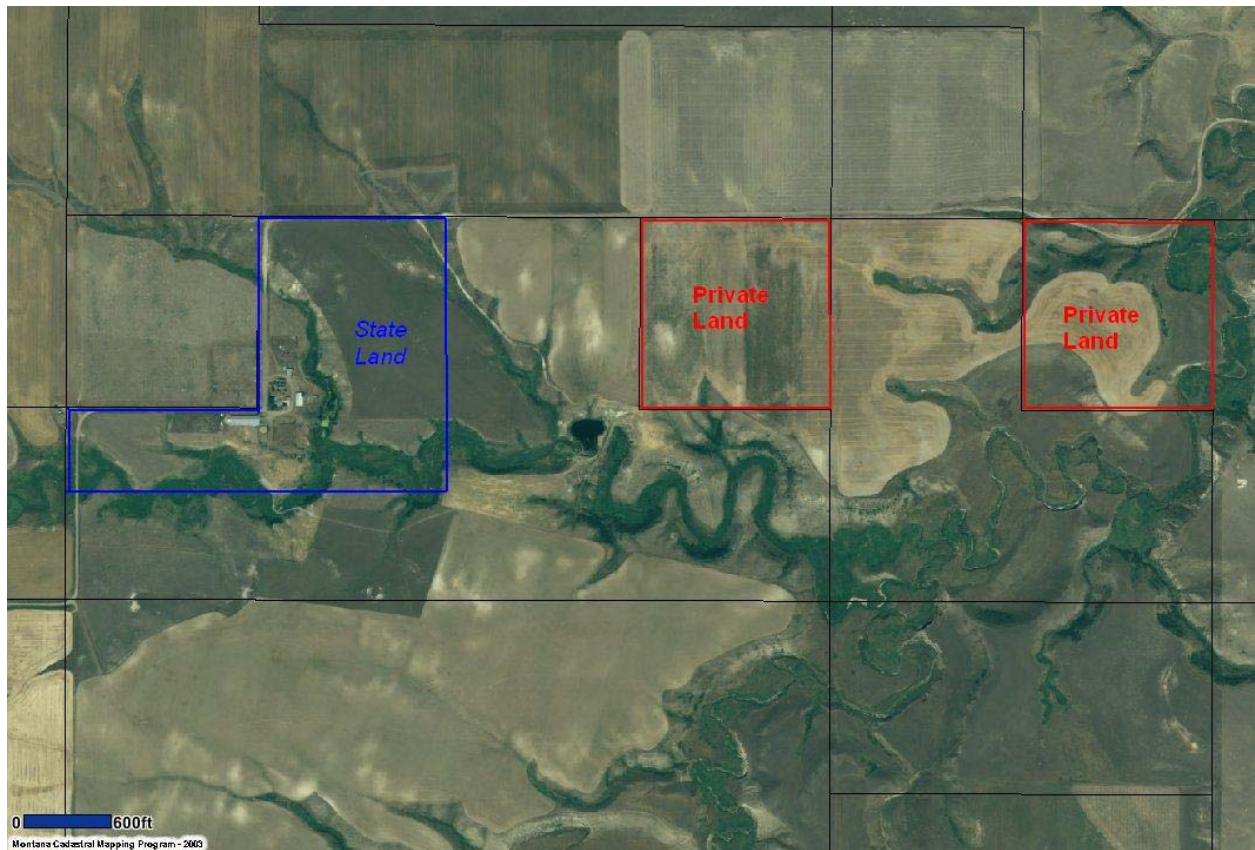
#### **Agency Recommendations**

This land exchange meets and exceeds the land exchange criteria as described above and would be a benefit to the trust beneficiaries. The primary reason for

the State to enter into this exchange is to consolidate land ownership and provide better access for leasing and recreational use. The Director recommends this exchange receive preliminary approval by the Board.



**State Land Proposed to be Exchanged in Dark Blue**  
**Private Land Proposed to be Exchanged in Red**



**Homesite buildings are located on the State Land**